

## **MEETING MINUTES**

Finance Committee

November 4, 2009

### **CALL TO ORDER**

Time – 7:00P.M.

Members in attendance: Chairman Joanne F. Marden, Mary O'Donoghue, S. Jon Stumpf, Cindy Milne, Richard T. Howe, Mark Merritt, Paul Fortier, Stephen Stapinski and Peggy Kruse.

Also present: Finance Director Anthony Torrisi and Town Manager Reginald Stapczynski.

### **APPROVAL OF MINUTES**

The following meeting minutes were moved and duly seconded:

9/16/09 Finance Committee – voted to approve 9-0.

9/17/09 Tri Board – voted to table 9-0.

9/21/09 Finance Committee – voted to approve 9-0.

9/30/09 Finance Committee – voted to approve as amended 9-0.

10/1/09 Tri Board and Finance Committee (breakout meeting) – voted to approve as amended 8-0-1.

### **COMMUNICATIONS**

#### **School Building Committee Update – Mary O'Donoghue**

SBC discussing options for design and location for the Bancroft School Project currently in the feasibility stage. Discussion ensued concerning timing of project approval. Ms. O'Donoghue stated that no decision had been made yet as to whether or not Shawsheen School would be integrated into the project.

In addition, Ms. O'Donoghue updated committee members on a communications group she is currently working with whose mission is to better inform residents with respect to budget issues by use of the internet. One option most favored by the Committee would be to create a blog so residents' questions could be answered on a regular basis.

#### **Town Yard Update – Dick Howe**

Mr. Howe reported that a consultant had been hired to help with drafting the overlay district. He added that the Town Yard Committee was now considering alternative sites for placement of a new Town Yard. In addition, Mr. Howe reported that Requests for Proposals were sent out with some sites responding. The Brockway-Smith land off of Dascomb Road was briefly discussed as a possible favorable option due to existing buildings onsite.

## **TRANSFER REQUEST APPROVAL**

Stephen Stapinski moved and Mary O'Donoghue seconded to recommend approval of transferring \$10,438 to the Town Clerk's Office from the Reserve Fund for the cost of holding two Special Town Meetings dated August 31, 2009 and October 7, 2009. Committee members questioned the \$375 expense for the Collins Center as well as the purpose of the bus for the October 7<sup>th</sup> Special Town Meeting. Mr. Torrasi offered to obtain further information on this matter from Town Clerk's Office. The motion passed unanimously 9-0.

Mark Merritt moved and Paul Fortier seconded to recommend approval of transferring \$8,892.88 to the Finance Committee and Central Services accounts from the Reserve Fund to cover printing and mailing expenses for two Special Town Meetings dated August 31, 2009 and October 7, 2009. The motion passed unanimously 9-0.

## **CAPITAL IMPROVEMENT PROGRAM**

Committee members entered into a lengthy discussion on a 5-year revenue and expenditures plan. Mr. Torrasi was asked to summarize some major assumptions:

### Revenue Projections (see attachment)

New Growth – Personal property doing well.

State Aid – Expected 10% reduction.

General Local Revenue – Slight decrease anticipated.

Meals Tax & Hotel/Motel – Relying on revenue numbers given by the State.

Free Cash – recommendation not to use Free Cash toward operating budget.

Total revenue - Increase of approximately 2% for FY2011.

Mr. Stapinski asked the Town Manager if the Town had considered selling miscellaneous parcels of land in order to help support CIP projects. Mr. Stapczynski replied that this practice had been done in the past and that this option was currently being addressed by Assistant Town Manager Steve Bucuzzo. It was noted that the sale of extraneous parcels of land in the past had proven not to be very profitable.

### Expenditures

Retirement – The number not expected to change with no impact for FY2011.

Health Insurance – Expected 10% increase.

Retired Teacher Health Insurance – Expected 10% increase.

Capital Projects Fund from Taxation – Using a figure of 1.5% for FY2011.

Total Expenditures – Increase of approximately \$800,000 over the previous year.

Mr. Merritt voiced concern over the one year scope of the FY2011 Town Manager's Recommended Capital Improvement Plan. Discussion followed. Mr. Torrasi defended the numbers in the Town Manager's CIP recommendations noting that some projects should remain on the list because they had not been cancelled by Department Heads.

### Financial Policies

Committee members discussed modifying the Financial Goals and Objectives Statements section in the CIP book. Policies discussed:

“4. Annual budget should include a Capital Projects fund from current dollars to maintain an equipment replacement and facilities maintenance schedule equal to 2% of General Fund Operating Budget.” The question of how the 2% figure was arrived at was briefly discussed.

“5. Annual budget should include 20% of the property taxes from new growth/construction and should be allocated to capital projects fund.” Mr. Torrasi voiced support for this policy saying he thought it had merit even though it hadn’t been put into practice for a long time. Others suggested modifying this statement if proven ineffective.

Water and Sewer – There was a discussion with regard to the lack of a targeted percentage for water and sewer reserves as well as how best to spend them. Mr. Torrasi offered to draft a sentence to address this matter in order to present it to the Board of Selectmen for their review.

### Capital Planning Policies

Lengthy discussion ensued on the advantages and disadvantages of long term leasing of equipment. There was consensus that, if adopted, this policy should be listed under Funding Sources as a multi-year leasing option and not to be considered as a Pay As You Go item.

### **NEXT MEETING**

Tri Board Meeting  
Monday, December 7, 2009  
Selectmen’s Conference Room  
7:00 P.M.

Finance Committee Meeting  
Wednesday, December 2, 2009  
1<sup>st</sup> Floor Conference Room  
7:00 P.M.

### **ADJOURNMENT – 9:45 P.M.**

Respectfully Submitted,  
*Carolyn Lynch*  
Recording Secretary

# REVENUE AND EXPENDITURE PROJECTIONS

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
REVENUES	TAX RECAP (Prelim)	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
<b>PROPERTY TAXES</b>						
Prior year Tax Levy Limit	94,838,978	98,159,952	101,563,951	105,053,050	108,629,376	112,295,110
2.5% Increase	2,370,974	2,453,999	2,539,099	2,626,326	2,715,734	2,807,378
General Override	0	0	0	0	0	0
Certified New Growth	950,000	950,000	950,000	950,000	950,000	950,000
Excess Tax Levy Capacity	0	0	0	0	0	0
<b>TOTAL</b>	<b>98,159,952</b>	<b>101,563,951</b>	<b>105,053,050</b>	<b>108,629,376</b>	<b>112,295,110</b>	<b>116,052,488</b>
<b>ADDITIONAL PROP 2 1/2 PROPERTY TAXES</b>						
Debt Service Exclusion (Existing)	4,589,940	4,498,417	4,506,486	3,925,231	3,778,356	3,624,402
Debt Service Exclusion estimate (To be borrowed)	0	0				
less Adjustment from prior year						
Less State Reimbursement	(1,551,447)	(1,551,447)	(1,551,447)	(1,551,447)	(1,551,447)	(1,551,447)
<b>TOTAL</b>	<b>3,038,493</b>	<b>2,946,970</b>	<b>2,955,039</b>	<b>2,373,784</b>	<b>2,226,909</b>	<b>2,072,955</b>
<b>STATE AID</b>						
Chapter 70 Education Aid	7,318,616	6,586,754	6,586,754	6,586,754	6,586,754	6,586,754
Charter Tuition/Capital Assessment Reimbursement	44,529	44,529	44,529	44,529	44,529	44,529
School Construction Reimb SBAB	1,551,447	1,551,447	1,551,447	1,551,447	1,551,447	1,551,447
Reserve for Direct Expenditures	63,832	63,832	63,832	63,832	63,832	63,832
Regional Public Libraries	230,000	100,000	100,000	100,000	100,000	100,000
Police Career Incentive	78,137	78,137	78,137	78,137	78,137	78,137
Veterans Benefits	62,162	62,162	62,162	62,162	62,162	62,162
Vet, Blind, Surv Spouse Exempt	57,032	57,032	57,032	57,032	57,032	57,032
Elderly Exempt	0	0	0	0	0	0
State Owned land	151,712	136,541	136,541	136,541	136,541	136,541
General Municipal Aid	1,574,331	1,416,898	1,416,898	1,416,898	1,416,898	1,416,898
<b>TOTAL</b>	<b>11,131,798</b>	<b>10,097,332</b>	<b>10,097,332</b>	<b>10,097,332</b>	<b>10,097,332</b>	<b>10,097,332</b>
<b>GENERAL LOCAL REVENUES</b>						
Motor Vehicle Excise	4,519,000	4,338,240	4,425,005	4,513,505	4,603,775	4,695,850
Licenses/Permits	1,198,000	1,198,000	1,198,000	1,198,000	1,198,000	1,198,000
Penalties/Interest	303,000	303,000	303,000	303,000	303,000	303,000
Fines	572,000	572,000	572,000	572,000	572,000	572,000
General Government	411,000	411,000	411,000	411,000	411,000	411,000
Fees	55,000	55,000	55,000	55,000	55,000	55,000
Investment Income	300,000	300,000	300,000	300,000	300,000	300,000
Meals Tax	207,000	414,000	422,280	430,726	439,340	448,127
Hotel/Motel Excise	961,764	1,279,146	1,304,729	1,330,824	1,357,440	1,384,589
Schools	243,000	243,000	243,000	243,000	243,000	243,000
Library	15,000	15,000	15,000	15,000	15,000	15,000
Miscellaneous/In Lieu of Tax	157,000	161,710	166,561	171,558	176,705	182,006
<b>TOTAL</b>	<b>8,941,764</b>	<b>9,290,096</b>	<b>9,415,575</b>	<b>9,543,612</b>	<b>9,674,260</b>	<b>9,807,572</b>
<b>OFFSET LOCAL REVENUES</b>						
Community Services/Youth Services	557,887	557,887	557,887	557,887	557,887	557,887
Elder Services	61,632	61,632	61,632	61,632	61,632	61,632
Municipal Facilities	70,000	70,000	70,000	70,000	70,000	70,000
Spring Grove Cemetery	57,000	57,000	57,000	57,000	57,000	57,000
Police Off-Duty Fee	75,000	75,000	75,000	75,000	75,000	75,000
Ambulance	1,035,000	1,035,000	1,035,000	1,035,000	1,035,000	1,035,000
<b>TOTAL</b>	<b>1,856,519</b>	<b>1,856,519</b>	<b>1,856,519</b>	<b>1,856,519</b>	<b>1,856,519</b>	<b>1,856,519</b>
<b>ENTERPRISE FUNDS</b>						
Water and Sewer	12,783,342	12,669,099	13,095,938	13,363,784	13,645,178	14,062,277
<b>TOTAL</b>	<b>12,783,342</b>	<b>12,669,099</b>	<b>13,095,938</b>	<b>13,363,784</b>	<b>13,645,178</b>	<b>14,062,277</b>
<b>OTHER AVAILABLE FUNDS</b>						
Off-Street Parking Fund (Operating Budget)	276,163	276,163	276,163	276,163	276,163	276,163
Elder Services MVNP	66,544	66,544	66,544	66,544	66,544	66,544
Cemetery Perpetual care Interest Income	10,000	10,000	10,000	10,000	10,000	10,000
CD&P Wetland fees/title V closeout	6,000	6,000	6,000	6,000	6,000	6,000
Wood Trust for Memorial						
PA fund						
<b>TOTAL</b>	<b>358,707</b>	<b>358,707</b>	<b>358,707</b>	<b>358,707</b>	<b>358,707</b>	<b>358,707</b>
<b>FREE CASH</b>						
Operating budget						
Other Articles	334,000	500,000	500,000	500,000	500,000	500,000
<b>TOTAL</b>	<b>334,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>
<b>* GRAND TOTAL REVENUES *</b>	<b>136,604,575</b>	<b>139,282,674</b>	<b>143,332,160</b>	<b>146,723,114</b>	<b>150,654,015</b>	<b>154,807,850</b>
<b>INCREASE OVER PRIOR YEAR</b>	<b>-1.50%</b>	<b>2.00%</b>	<b>2.90%</b>	<b>2.40%</b>	<b>2.70%</b>	<b>2.80%</b>

<b>EXPENDITURES</b>						
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
	TAX RECAP (Prelim)	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
<b>OBLIGATIONS</b>						
Retirement	4,635,498	4,769,310	4,909,002	5,053,332	5,202,474	5,356,611
Insurance/Unempl Comp	740,500	759,013	777,988	797,438	817,373	837,808
Health Insurance	12,440,000	13,684,000	15,052,400	16,557,640	18,213,404	20,034,744
Retired Teachers Health Insurance Assessment	2,496,933	2,746,626	3,021,289	3,323,418	3,655,760	4,021,336
Other State Assessments	582,484	597,046	611,972	627,272	642,953	659,027
Overlay	868,254	889,960	912,209	935,015	958,390	982,350
GLTHS	494,915	507,288	519,970	532,969	546,294	559,951
Water and Sewer Operating Budget	6,237,481	6,564,741	6,843,047	7,406,839	7,437,700	7,755,235
Reserve for Direct Expenditures	63,832	63,832	63,832	63,832	63,832	63,832
Other Local Expenditures	241,347	100,000	100,000	100,000	100,000	100,000
<b>TOTAL</b>	<b>28,801,244</b>	<b>30,681,816</b>	<b>32,811,709</b>	<b>35,397,754</b>	<b>37,638,180</b>	<b>40,370,894</b>
<b>DEBT SERVICE</b>						
Existing Non-Exempt General Fund Debt	3,758,653	2,375,265	2,154,358	1,764,859	1,627,407	1,542,126
Appropriated/Not Borrowed Non- Exempt General Fund		1,090,000	1,198,000	1,272,000	1,563,000	1,525,000
New CIP PROJECTS		TBD	TBD	TBD	TBD	TBD
BAN Interest	50,000	50,000	50,000	50,000	50,000	50,000
General Fund Bond Issue Expense	20,000	60,000	60,000	60,000	60,000	60,000
Water and Sewer	4,803,798	4,354,817	3,877,623	3,685,161	4,231,995	4,242,241
Water and sewer BAN Interest/bond expense	90,000	110,000	110,000	110,000	110,000	110,000
Appropriated/Not Borrowed Exempt	0					
Existing Exempt Debt - School and Public Safety Center	4,589,940	4,498,417	4,506,486	3,925,231	3,778,356	3,624,402
<b>TOTAL</b>	<b>13,312,391</b>	<b>12,538,499</b>	<b>11,956,467</b>	<b>10,867,251</b>	<b>11,420,758</b>	<b>11,153,769</b>
<b>Capital Projects Fund from taxation</b>						
Capital Projects Fund from taxation	1,246,000	1,875,000	1,953,543	2,000,390	2,055,133	2,111,184
<b>TOTAL</b>	<b>1,246,000</b>	<b>1,875,000</b>	<b>1,953,543</b>	<b>2,000,390</b>	<b>2,055,133</b>	<b>2,111,184</b>
<b>OFFSET/AVAILABLE FUNDS EXPENDITURES</b>						
Community Services	557,887	557,887	557,887	557,887	557,887	557,887
Elder Services	128,176	128,176	128,176	128,176	128,176	128,176
Community Development	6,000	6,000	6,000	6,000	6,000	6,000
Fire	1,035,000	1,035,000	1,035,000	1,035,000	1,035,000	1,035,000
Police	351,163	351,163	351,163	351,163	351,163	351,163
Plant and Facilities	137,000	137,000	137,000	137,000	137,000	137,000
<b>TOTAL</b>	<b>2,215,226</b>	<b>2,215,226</b>	<b>2,215,226</b>	<b>2,215,226</b>	<b>2,215,226</b>	<b>2,215,226</b>
<b>ARTICLES</b>						
From Free Cash	334,000	500,000	500,000	500,000	500,000	500,000
From Other Funds	0	0	0	0	0	0
From Taxation	12,000	12,000	12,000	12,000	12,000	12,000
<b>TOTAL</b>	<b>346,000</b>	<b>512,000</b>	<b>512,000</b>	<b>512,000</b>	<b>512,000</b>	<b>512,000</b>
<b>* TOTAL DEDUCTIONS *</b>	<b>45,920,861</b>	<b>47,822,541</b>	<b>49,448,946</b>	<b>50,992,621</b>	<b>53,841,296</b>	<b>56,363,072</b>
<b>BALANCE FOR TOWN &amp; SCHOOL OPERATING BUDGET</b>	<b>90,683,714</b>	<b>91,460,133</b>	<b>93,883,214</b>	<b>95,730,493</b>	<b>96,812,719</b>	<b>98,444,778</b>
<b>\$ INCREASE FOR TOWN &amp; SCHOOL OPERATING BUDGETS</b>	<b>-266,227</b>	<b>776,419</b>	<b>2,423,081</b>	<b>1,847,279</b>	<b>1,082,225</b>	<b>1,632,060</b>
<b>% INCREASE OVER PRIOR YEAR</b>	<b>-0.29%</b>	<b>0.86%</b>	<b>2.65%</b>	<b>1.97%</b>	<b>1.13%</b>	<b>1.69%</b>

<b>PROJECTED OPERATING BUDGET SUMMARY</b>						
SCHOOL OPERATING BUDGET	59,728,158	60,241,820	61,838,228	63,056,441	63,768,979	64,846,675
% INC/DEC	0.5%	0.86%	2.65%	1.97%	1.13%	1.69%
TOWN OPERATING BUDGET (exc Water/Sewer)	31,013,697	31,280,415	32,109,346	32,741,900	33,111,883	33,671,474
%INC/DEC	-1.6%	0.86%	2.65%	1.97%	1.13%	1.69%
<b>TOTAL</b>	<b>90,741,855</b>	<b>91,522,235</b>	<b>93,947,574</b>	<b>95,798,341</b>	<b>96,880,863</b>	<b>98,518,149</b>